

State Board of Equalization

**OPERATIONS MEMO**

For Public Release

No : 1130  
Date : June 17, 2005  
Revised: May 12, 2006

**SUBJECT: Address Changes and Returned Mail - Determinations**

**I. PURPOSE**

The purpose of this operations memo is to update and reissue the procedures outlined in operations memo 1031, which was inadvertently made obsolete.

Revenue and Taxation Code section 6486 requires the Board to give written notice to a taxpayer of a determination by addressing the notice to the taxpayer at the address of the taxpayer as it appears in the records of the Board. If the Board satisfies this requirement, the Notice of Determination (NOD) is deemed complete at the time of deposit with the United States Postal Service, without extension of time for any reason. Once the Board satisfies the requirement of section 6486, the notice is served in accordance with law, and nothing that happens thereafter can affect the validity of that service of notice.

If the Board issues a NOD to an address in its records and that notice is returned, the only basis for regarding that notice as invalid is if, prior to issuing that notice, the taxpayer had notified the Board in writing that it has changed its address or that it will change its address. If the taxpayer has notified the Board of a change of address but the taxpayer's records are not updated, the requirements of Section 6486 are not satisfied when the NOD is sent to the old address of record. Therefore, in cases where the taxpayer has, in fact, notified the Board of a change of address and the Post Office returns a notice that was sent to the previous address, that determination should be canceled and a new NOD will be issued to the correct address.

It is essential that staff timely update address change information into the Board's Integrated Revenue Information System (IRIS) for both active and closed accounts, upon receiving notification by the taxpayer of a new address. If the Board receives notification from the taxpayer that it has a new address and the Board fails to timely update the taxpayer's record, a NOD sent to the taxpayer's old address is invalid. A NOD issued close to the last statutory date may end up being significantly reduced if it is sent to an invalid address. When a NOD is canceled and re-billed, periods falling outside the statute of limitations (and not subject to a w

## **II. DISTRICT OFFICE AND CENTRALIZED COLLECTION SECTION RESPONSIBILITY**

In order to minimize the use of the return mail procedures outlined below, whenever district or Centralized Collection Section (CCS) staff become aware of a new address for a taxpayer, they will notify the appropriate district or CCS personnel who have IRIS security clearance to perform account maintenance and request that they update the address fields in the Taxable Activity Registration (TAR) and Client Taxpayer System (CTS) subsystems of IRIS. Additionally, a note will be entered into Comments regarding the source from which the information was obtained.

Districts and CCS should also ensure that all reports, including re-audits and adjusted Field Billing Orders (FBO), include verified up-to-date addresses for all partners and for corporate officers. Computer registration records should always be updated prior to the transmission of such reports.

Whenever districts or CCS are uncertain about the taxpayer's correct address, or have information of a possible alternate address when issuing a determination close to statute or on a closed-out account, the determination should be mailed to the last address of record received from the taxpayer and any other address believed to be the taxpayer's correct address. Additional addresses may be entered to IRIS for generating multiple billings to the same taxpayer using jump code DIF NN.

## **III. AUDIT DETERMINATION AND REFUND SECTION**

Because of the dollar amounts involved, returned mail for audit and FBO determinations will be given the highest priority. The Audit Determination & Refund Section (ADRS) will first check the account registration in IRIS (CTS, TAR and Comments) and order the file from Taxpayer Records to ascertain whether a change of address was received prior to the issuance of the NOD. If notification of the address change was given prior to the issuance of the NOD, ADRS will cancel the determination and re-bill to the correct address. Since ADRS has "view-only" rights to the TAR and CTS subsystems of IRIS, the notification of the new address will be forwarded to the district of control for appropriate action.

If prior notification is not found in IRIS or in the central file, ADRS will contact 1) the district office audit staff, usually the district reviewer, and request the district to research district files or 2) CCS (to review any collections notes in the Automated Collections Management System), to see if there was a notification of a change of address prior to the issuance of the NOD. If CCS or the district finds prior notification of a change of address, CCS or the district will update the IRIS system and notify ADRS to cancel and re-bill the determination. In the event CCS or the district finds a notification of a change of address subsequent to the date of the determination, they should notify ADRS accordingly so that the determination can be re-mailed to the new address; however, the determination will not be canceled and re-billed. If no better address is found, ADRS will send the determination to file. Appropriate comments regarding the outcome of the investigation should be entered into the Comments subsystem of IRIS.

If returned mail has a forwarding address, and it has been confirmed that the taxpayer did not give the Board prior notification, the NOD will be re-mailed to the new address. A copy of the

envelope showing the forwarding address will be sent to the district office in order to perform the necessary account maintenance.

For returned mail compliance assessments, ADRS will check CTS, TAR and Comments for any new addresses. The determination will be forwarded to the new address(es) if any are found in IRIS. This type of determination usually does not have a period or periods in danger of expiring due to running of the statute of limitations and can usually be re-billed without adjustment for expiring periods if it is later found that the Board had prior notification of a change in address. For returned mail that has a forwarding address, the compliance assessment will be re-mailed to the new address.

For returned mail for compliance assessments on active accounts that do not have a forwarding address, ADRS will contact the compliance supervisor who approved the determination in assignment control (ASC) on IRIS, ask the district to research the district file and, if necessary, attempt to contact the taxpayer to obtain the correct mailing address. If the district office is unable to contact the taxpayer and obtain the correct address, ADRS will send the determination to file after entering notes into IRIS Comments.

#### **IV. PETITION SECTION**

The Petition Section procedures for handling returned mail redeterminations will be the same as those used by AD&R for audit or FBO determinations.

#### **V. RETURN ANALYSIS SECTION**

For determinations less than \$1,000, CTS, TAR and Comments will be reviewed and if a new address is found, the determination will be re-mailed to the new address. If a new address is not found, the determination, with a mini-memo, will be sent to the district office. The district office will review its file and, if necessary, contact the taxpayer to obtain the correct address. If a new address is found, the district office will forward the determination to the taxpayer and change the address in IRIS. If a new address is not found by the district office, the determination will be returned to Return Analysis for filing in the taxpayer's file. Efforts to contact the taxpayer should be documented by appropriate entries in IRIS Comments.

For determinations greater than \$1,000, both the taxpayer's file and the IRIS systems will be checked. If a new address is not found, the district office will be requested to investigate for a change of address. If the investigation by either Return Analysis or the district office reveals an address change that the Board received prior to billing and the address was not updated on the IRIS system, the determination will be canceled, re-billed with the new address, and mailed to the taxpayer at the new address. If the investigation discloses an address change that was received after the issue date of the NOD, the original billing should be re-mailed to the new address and the change of address input into IRIS along with appropriate comments.

## **VI. CONSUMER USE TAX SECTION**

The majority of accounts handled by the Consumer Use Tax Section are not permit holders and the address information on these accounts may be years out of date. Therefore, determinations issued by the Consumer Use Tax Section will be canceled and re-billed once the taxpayer has been located and when there is prior returned mail on record from the NOD address. [This can apply](#) even when there is no evidence that the NOD was returned by the post office.

The one exception to the cancel and re-bill procedure will be those determinations which were issued close to the last statutory date. If canceling and re-billing the determination would result in an inability to re-issue because the last statutory date has passed, the determination will not be canceled. However, efforts to locate the taxpayer and notify them of the determination will be made.

## **VII. SPECIAL PROCEDURES SECTION**

Returned mail dual determinations will be routed to the Special Procedures Section (SPS). SPS staff will check the file and any dual determinations that did not originate in Special Procedures will be re-routed to ADRS.

Dual determinations issued by SPS will be referred to the district to investigate and obtain the correct mailing address. In the event the district does find prior notification of the change of address, they will update the IRIS system and notify SPS to cancel and re-bill the determination to the updated address.

If returned mail determinations have a forwarding address, and it has been confirmed that the taxpayer did not give the Board prior notification, the determination will be routed to the Return Analysis Section who will make the address changes to IRIS. The determination will then be re-mailed to the new address. If returned mail determinations are received without a forwarding address, and the district office is unable to contact the taxpayer to obtain the correct address, SPS will send the determination to file and make appropriate notation in IRIS Comments.

## **VIII. CUSTOMER AND TAXPAYER SERVICES AND LOCAL REVENUE ALLOCATION SECTION**

Business address changes received by Customer Service Representatives via phone calls received in the Information Center, phone calls received in Local Revenue Allocation Section, or by form BOE-345 (Notice of Business Change cards) will be made according to the internal procedures established and implemented by Customer and Taxpayer Services and the Local Revenue Allocation Section.

## **IX. OBSOLESCENCE**

This operations memo will become obsolete when the information contained herein is incorporated into the appropriate manuals.

Randie L. Henry  
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